

# *Village of Clifford*

**Lapeer County, Michigan**

Audited Financial Report  
February 28, 2005

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

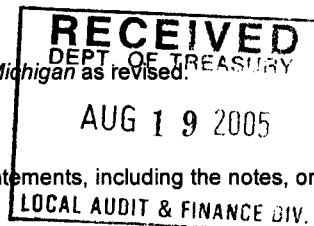
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Clifford</b>	County <b>Lapeer</b>
Audit Date <b>5/3/05</b>	Opinion Date <b>5/4/05</b>	Date Accountant Report Submitted to State: <b>8/18/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Lehn L. King, C.P.A.**

Street Address

**3531 Main Street**

City

**Marlette**

State

**MI**

ZIP

**48453**

Accountant Signature

Date

**7/12/05**

**Village of Clifford**  
Annual Financial Report  
For The Fiscal Year Ended February 28, 2005

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LEHN L. KING

Certified Public Accountant

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Members of the Village Council  
Village of Clifford  
Lapeer County, Michigan

**Independent Auditor's Report**

I have examined the General Purpose Financial Statements of the Village of Clifford as of February 28, 2005, and for the year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Clifford, Michigan as of February 28, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clifford, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of March 1, 2004.

*Lehn King*

Certified Public Accountant

May 4, 2004

# Village of Clifford

## Clifford, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Village of Clifford's financial performance provides an overview of the Village's financial activities for the fiscal year ended February 28, 2005. Please read it in conjunction with the Village's financial statements.

#### Financial Highlights

The General Fund for the Village of Clifford had a fund balance of \$136,246, as of February 28, 2005. This gives the Village a healthy financial position for the General Fund. The Sewer Fund had \$275,000 as a cash balance as of February 28, 2005. The Village has paid off \$125,000 of sewer bonds with the accumulated funds. The Sewer Fund is left with a fund balance of \$150,000.

The DDA (Downtown Development Authority) for the Village of Clifford was able to complete various projects for the Village during the year. These projects included; a children's playground area, a senior complex center, sidewalk construction and maintenance of the water tower. In total, the DDA spent \$258,000 on behalf of the Village this past year.

Overall, the Village is in good financial position.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Village's annual report.

#### The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending February 28, 2005 (see note one in the notes to the financial statements).

	Governmental Activities		Business-Type Activities		Total	
	2/28/2005	2/28/2004	2/28/2005	2/28/2004	2/28/2005	2/28/2004
Current Assets	\$ 440,957	\$	\$ 291,062	\$	\$ 732,019	\$
Noncurrent Assets	387,327		897,810		1,285,137	
Total Assets	828,284		1,188,872		2,017,156	
Current Liabilities	7,049		10,000		17,049	
Noncurrent Liabilities	0		113,755		113,755	
Total Liabilities	7,049		123,755		130,804	
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	387,327		774,055		1,161,382	
Unrestricted	433,907		291,062		724,969	
Total Net Assets	\$ 821,234	\$ 812,885	\$ 1,065,117	\$ 1,040,863	\$ 1,886,351	\$ 1,853,748

# Village of Clifford

## Clifford, Michigan

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### The Village as a Whole – Continued

The Village's combined net assets increased 1.47% from \$1,853,748 to \$1,881,071. As we look at the governmental activities separately from the business type (water & sewer) we can see that the governmental activities experienced an increase of approximately \$3,068 during the year (a 0.37% increase). The business-type activities (water & sewer) experienced a \$24,255 increase in net assets. The assets of the Village remained constant from one year to the next.

The following table shows the changes of the net assets during the current year:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>2004-2005</u>
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 24,697	\$ 53,547	\$ 78,244
Operating Grants & Cont's	47,383	-	47,383
General Revenues:			
Property Taxes	129,430	34,718	164,148
State-Shared Revenues	37,595	-	37,595
Interest	2,185	452	2,637
Other Revenues	22,657	-	22,657
Total Revenues	263,947	88,717	352,664
<b>Program Expenses</b>			
General Government	\$ 110,804	\$ -	\$ 110,804
Public Safety	33,689	-	33,689
Public Works	113,265	-	113,265
Recreation & Culture	3,121	-	3,121
Interest on Long-Term Debt	-	7,886	7,886
Water & Sewer	-	56,576	56,576
Total Program Expenses	260,879	64,462	325,341
<b>Change in Net Assets</b>	<u>\$ 3,068</u>	<u>\$ 24,255</u>	<u>\$ 27,323</u>

# Village of Clifford

## Clifford, Michigan

### Economic Factors and Next Year's Budget and Rates

The Village of Clifford's 2005/2006 adopted budget is as follows:

	<b>General Fund</b>	
	<b>February 28,</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenue</b>		
Property Taxes	125,000	116,595
Intergovernmental Revenue	32,000	37,595
Charges for Services	5,000	3,397
Grant Proceeds	-	-
Loan Proceeds	-	-
Other	16,680	19,698
Total Revenue Collected	178,680	177,285
<b>Expenditures</b>		
General Government	129,084	187,493
Public Safety - Police	36,100	33,497
Public Works	36,250	39,096
Capital Outlay	-	-
Debt Service	-	-
Transfers	35,000	32,895
Total Expenditures	236,434	292,981
<b>Net Over/Under Budget</b>	<b>\$ (57,754)</b>	<b>\$ (115,696)</b>

### Contacting the Village

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Village office at the Village Hall in Clifford, Michigan or by telephone at (989) 761-7003.

John Ode  
Village of Clifford, President

**Village of Clifford**  
Statement of Net Assets (Deficit)  
February 28, 2005

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 406,993.40	\$ 287,289.37	\$ 694,282.77
Accounts Receivable	12,310.15	3,772.88	16,083.03
Other Current Assets	1,086.00	-	1,086.00
Due From Other Funds	5,281.92	-	5,281.92
Due From Other Governmental Units	15,285.32	-	15,285.32
Capital Assets			
Nondepreciable Capital Assets	-	63,891.44	63,891.44
Depreciable Capital Assets	<u>387,327.44</u>	<u>833,918.94</u>	<u>1,221,246.38</u>
Total Assets	828,284.23	1,188,872.63	2,017,156.86
<b><u>Liabilities</u></b>			
Accounts Payable	7,049.26	-	7,049.26
Current Portion of Long-Term Debt	-	10,000.00	10,000.00
Noncurrent Liabilities:			
Long-Term Debt	<u>-</u>	<u>113,755.00</u>	<u>113,755.00</u>
Total Liabilities	<u>7,049.26</u>	<u>123,755.00</u>	<u>130,804.26</u>
<b>Net Assets (Deficit)</b>			
Invested in Capital Assets - Net of			
Related Debt	387,327.44	774,055.38	1,161,382.82
Unrestricted	<u>433,907.53</u>	<u>291,062.25</u>	<u>724,969.78</u>
Total Net Assets (Deficit)	<u>\$ 821,234.97</u>	<u>\$ 1,065,117.63</u>	<u>\$ 1,886,352.60</u>

The notes are an integral part of the statements.



**Village of Clifford**  
Statement of Activities  
For the Year Ended February, 28, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
	Charges for Services	Operating Grants & Contributions		Primary Government		Totals
		Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 110,804.45	\$ -	\$ -	\$ (107,407.56)	\$ -	\$ (107,407.56)
Public Safety	33,689.16	-	-	(33,689.16)	-	(33,689.16)
Public Works	113,264.78	47,382.90	-	(44,581.40)	-	(44,581.40)
Recreation & Culture	3,121.00	-	-	(3,121.00)	-	(3,121.00)
Total Governmental Activities	260,879.39	47,382.90	-	(188,799.12)	-	(188,799.12)
Business-type Activities	76,774.17	-	-	-	(23,226.97)	(23,226.97)
Interest on Long-Term Debt	7,886.25	-	-	-	(7,886.25)	(7,886.25)
Total Primary Government	\$ 345,539.81	\$ 47,382.90	\$ -	\$ (188,799.12)	\$ (31,113.22)	\$ (219,912.34)
General Revenues:						
Property Taxes				\$ 129,429.67	\$ 34,717.62	\$ 164,147.29
State Shared Revenues				37,595.00	-	37,595.00
Interest				2,185.23	452.25	2,637.48
Other Revenues				22,657.23	-	22,657.23
Transfers				-	-	-
Total General Revenues, Special Items & Transfers				191,867.13	35,169.87	227,037.00
Change in Net Assets				3,068.01	4,056.65	7,124.66
Net Assets (Deficit) - Beginning of Year				818,166.96	1,061,060.98	1,879,227.94
Net Assets (Deficit) - End of Year				\$ 821,234.97	\$ 1,065,117.63	\$ 1,886,352.60

The notes are an integral part of the statements.

# Village of Clifford

Balance Sheet  
Governmental Funds  
February 28, 2005

<u>Assets</u>	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Downtown Development Authority</u>	<u>Total Governmental Funds</u>
Cash & Cash Equivalents	\$ 131,716.26	\$ 48,569.40	\$ 59,547.66	\$ 138,863.31	\$ 378,696.63
Accounts Receivable	12,310.15	-	-	-	12,310.15
Other Assets	-	1,086.00	-	-	1,086.00
Due From Other Funds	5,281.92	-	-	730.29	6,012.21
Due From Other Gov't Units	-	-	-	15,285.32	15,285.32
<u>Total Assets</u>	<u>\$ 149,308.33</u>	<u>\$ 49,655.40</u>	<u>\$ 59,547.66</u>	<u>\$ 154,878.92</u>	<u>\$ 413,390.31</u>
<u>Liabilities &amp; Fund Equity</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 7,049.26	-	-	-	\$ 7,049.26
Due To Other Funds	730.29	-	-	-	730.29
<u>Total Liabilities</u>	<u>7,779.55</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,779.55</u>
<u>Fund Equity</u>					
Fund Balances:					
Unreserved - Undesignated	141,528.78	49,655.40	59,547.66	154,878.92	405,610.76
<u>Total Fund Equity</u>	<u>141,528.78</u>	<u>49,655.40</u>	<u>59,547.66</u>	<u>154,878.92</u>	<u>405,610.76</u>
<u>Total Liabilities &amp; Fund Equity</u>	<u>\$ 149,308.33</u>	<u>\$ 49,655.40</u>	<u>\$ 59,547.66</u>	<u>\$ 154,878.92</u>	<u>\$ 413,390.31</u>

The notes are an integral part of the statements.

**Village of Clifford**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended February 28, 2005

<b>Total Fund Balances for Governmental Funds &amp; Equipment Fund</b>	<b>\$ 469,338.48</b>
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Amounts reported for governmental activities in the statement of  
net assets (deficit) are different because:

Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	<u>351,896.49</u>
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<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 821,234.97</u></u></b>
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The notes are an integral part of the statements.

**Village of Clifford**  
Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Governmental Funds  
For The Year Ended February 28, 2005

<u>Revenues</u>	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Downtown Development Authority</u>	<u>Total Governmental Funds</u>
Property Taxes	\$ 114,144.35	\$ -	\$ -	\$ 15,285.32	\$ 129,429.67
Intergovernmental Revenues	37,595.00	38,823.64	8,559.26	-	84,977.90
Charges for Services	3,396.89	-	-	-	3,396.89
Interest Earnings	550.23	72.75	93.47	1,430.44	2,146.89
Other Revenues	19,148.49	-	3,508.74	-	22,657.23
<u>Total Revenues</u>	<u>174,834.96</u>	<u>38,896.39</u>	<u>12,161.47</u>	<u>16,715.76</u>	<u>242,608.58</u>
<u>Expenditures</u>					
General Government	108,065.45	-	-	-	108,065.45
Public Safety	33,689.16	-	-	-	33,689.16
Public Works	39,474.17	28,431.05	11,853.22	3,004.48	82,762.92
Capital Outlay	-	-	-	254,894.49	254,894.49
<u>Total Expenditures</u>	<u>181,228.78</u>	<u>28,431.05</u>	<u>11,853.22</u>	<u>257,898.97</u>	<u>479,412.02</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(6,393.82)</u>	<u>10,465.34</u>	<u>308.25</u>	<u>(241,183.21)</u>	<u>(236,803.44)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In (Out)	(33,625.53)	-	-	33,625.53	-
<u>Net Change in Fund Balances</u>	<u>(40,019.35)</u>	<u>10,465.34</u>	<u>308.25</u>	<u>(207,557.68)</u>	<u>(236,803.44)</u>
<u>Fund Balances - Beginning of Year</u>	<u>181,548.13</u>	<u>39,190.06</u>	<u>59,239.41</u>	<u>362,436.60</u>	<u>642,414.20</u>
<u>Fund Balances - End of Year</u>	<u>\$ 141,528.78</u>	<u>\$ 49,655.40</u>	<u>\$ 59,547.66</u>	<u>\$ 154,878.92</u>	<u>\$ 405,610.76</u>

The notes are an integral part of the statements.

**Village of Clifford**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended February 28, 2005

**Net Change in Fund Balances - Total Governmental Funds & Equipment Fund**      \$ (240,518.48)

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation      254,894.49

Depreciation is an Expenditure for the Statement of  
Activities, but is not reported in the Governmental Funds      (11,308.00)

**Net Assets of Governmental Activities**      \$ 3,068.01

The notes are an integral part of the statements.

**Village of Clifford**  
Statement of Net Assets (Deficit)  
Proprietary Funds  
February 28, 2005

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 275,574.95	\$ 11,714.42	\$ 287,289.37	\$ 28,296.77
Accounts Receivable	3,772.88	-	3,772.88	-
<u>Total Current Assets</u>	279,347.83	11,714.42	291,062.25	28,296.77
<u>Noncurrent Assets</u>				
Capital Assets not being Depreciated	59,891.44	4,000.00	63,891.44	-
Capital Assets being Depreciated	904,253.59	390,880.61	1,295,134.20	137,768.86
Less: Accumulated Depreciation	(328,339.00)	(132,876.26)	(461,215.26)	(102,337.91)
<u>Total Noncurrent Assets</u>	635,806.03	262,004.35	897,810.38	35,430.95
 Total Assets	 915,153.86	 273,718.77	 1,188,872.63	 63,727.72
 <u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Interest Payable	-	-	-	-
Current Portion of Long-Term Debt	10,000.00	-	10,000.00	-
<u>Total Current Liabilities</u>	10,000.00	-	10,000.00	-
<u>Long-Term Liabilities</u>				
Bonds Payable	113,755.00	-	113,755.00	-
<u>Total Liabilities</u>	123,755.00	-	123,755.00	-
 <u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	625,806.03	262,004.35	887,810.38	35,430.95
Unrestricted	165,592.83	11,714.42	177,307.25	28,296.77
<u>Total Net Assets</u>	<u>\$ 791,398.86</u>	<u>\$ 273,718.77</u>	<u>\$ 1,065,117.63</u>	<u>\$ 63,727.72</u>

**Village of Clifford**  
Statement of Revenues, Expenses, And Changes in Net Assets  
Proprietary Funds  
February 28, 2005

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<b><u>Operating Revenues</u></b>				
Property Taxes	\$ 34,717.62	\$ -	\$ 34,717.62	\$ -
User Charges & Penalties	17,357.65	35,189.55	52,547.20	-
Service Connection Charges	-	1,000.00	1,000.00	-
Equipment Rental	-	-	-	21,300.48
<b><u>Total Operating Revenues</u></b>	<b><u>52,075.27</u></b>	<b><u>36,189.55</u></b>	<b><u>88,264.82</u></b>	<b><u>21,300.48</u></b>
<b><u>Operating Expenses</u></b>				
Operation & Maintenance	11,490.88	25,051.18	36,542.06	10,413.71
General & Administration	3,184.90	10,934.21	14,119.11	6,031.15
Depreciation	17,998.00	8,115.00	26,113.00	8,609.00
<b><u>Total Operating Expenses</u></b>	<b><u>32,673.78</u></b>	<b><u>44,100.39</u></b>	<b><u>76,774.17</u></b>	<b><u>25,053.86</u></b>
<b><u>Operating Income (Loss)</u></b>	<b><u>19,401.49</u></b>	<b><u>(7,910.84)</u></b>	<b><u>11,490.65</u></b>	<b><u>(3,753.38)</u></b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Interest Earned	396.30	55.95	452.25	38.34
Interest Expense	(7,886.25)	-	(7,886.25)	-
<b><u>Change in Net Assets</u></b>	<b><u>11,911.54</u></b>	<b><u>(7,854.89)</u></b>	<b><u>4,056.65</u></b>	<b><u>(3,715.04)</u></b>
<b><u>Net Assets - Beginning of Year</u></b>	<b><u>779,487.32</u></b>	<b><u>281,573.66</u></b>	<b><u>1,061,060.98</u></b>	<b><u>67,442.76</u></b>
<b><u>Net Assets - End of Year</u></b>	<b><u>\$ 791,398.86</u></b>	<b><u>\$ 273,718.77</u></b>	<b><u>\$ 1,065,117.63</u></b>	<b><u>\$ 63,727.72</u></b>

**Village of Clifford**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended February 28, 2005**

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<b><u>Cash Flow From Operating Activities</u></b>				
Receipts from Customers	\$ 29,289.86	\$ 36,189.55	\$ 65,479.41	\$ 21,300.48
Payments for Operation, Maintenance, & Water	(11,490.88)	(25,051.18)	(36,542.06)	(10,413.71)
Payments for General & Administration	(3,184.90)	(10,934.21)	(14,119.11)	(6,031.15)
<u>Net Cash Provided by Operating Activity</u>	14,614.08	204.16	14,818.24	4,855.62
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Operating Transfers In (Out)	-	-	-	-
Received "Due From Other Funds"	-	-	-	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	-	-	-	-
<b><u>Cash Flows from Capital &amp; Related Financing Activities</u></b>				
Interest Expense	(7,886.25)	-	(7,886.25)	-
Net Proceeds from Issuance of Long-Term Debt	(20,000.00)	-	(20,000.00)	-
<u>Net Cash Provided by Capital &amp; Related Financing Activities</u>	(27,886.25)	-	(27,886.25)	-
<b><u>Cash Flows From Investing Activities</u></b>				
Interest received on Investments	396.30	55.95	452.25	38.34
<u>Net Increase (Decrease) in Cash &amp; Cash Equivalents</u>	(12,875.87)	260.11	(12,615.76)	4,893.96
<b><u>Cash &amp; Cash Equivalents - Beginning of Year</u></b>	274,199.54	11,454.31	285,653.85	23,402.81
<b><u>Cash &amp; Cash Equivalents - End of Year</u></b>	<u>\$ 261,323.67</u>	<u>\$ 11,714.42</u>	<u>\$ 273,038.09</u>	<u>\$ 28,296.77</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u></b>				
Operating Income (Loss)	19,401.49	(7,910.84)	11,490.65	(3,753.38)
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:				
Depreciation	17,998.00	-	17,998.00	8,609.00
Changes in Assets & Liabilities:				
Receivables	(22,785.41)	-	(22,785.41)	-
Accounts Payable	-	-	-	-
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 14,614.08</u>	<u>\$ (7,910.84)</u>	<u>\$ 6,703.24</u>	<u>\$ 4,855.62</u>



**Village of Clifford**  
Statement of Net Assets (Deficit)  
Fiduciary Funds  
February 28, 2005

	Fiduciary Fund Types
	Agency Fund
	Payroll Fund
<b><u>Assets</u></b>	
Cash - Savings & Certificates	\$ 7,345.84
Due From Other Funds	-
<u>Total Assets</u>	<u>\$ 7,345.84</u>
<b><u>Liabilities &amp; Fund Balance</u></b>	
<b><u>Liabilities</u></b>	
Due To Other Funds	\$ 5,281.92
Due To Others	2,063.92
<u>Total Liabilities</u>	<u>7,345.84</u>
<b><u>Fund Balances</u></b>	
Unreserved & Undesignated	-
<u>Total Fund Balances</u>	<u>-</u>
<u>Total Liabilities &amp; Fund Balances</u>	<u>\$ 7,345.84</u>

The notes are an integral part of the statements.

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

The accounting methods and procedures adopted by the Village of Clifford, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Villages Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Village operates under a Council-President form of government and provides the following services: public safety, highways and streets, sanitation, recreation, public improvements, planning and zoning and general administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village of Clifford (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

**Component Units** - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

**Blended Component Units** - The Downtown Development Authority (DDA) of the Village of Clifford, an entity legally separate from the Village, is governed by a six-member board appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

**General Fund** - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

**Local Streets Fund** - The Local Streets Fund accounts for maintenance and improvement activities for streets designated as "local" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**Downtown Development Authority** - The Downtown Development Authority (DDA) of the Village of Clifford, an entity legally separate from the Village, is governed by a six-member board appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

The Village reports the following major Enterprise Funds & Internal Service Fund:

**Water Fund** - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

**Sewer Fund** - The Sewer Fund accounts for the activities of the sewage disposal system. Funding is provided primarily through user charges.

**Internal Service Fund (Equipment Fund)** - The Equipment Fund accounts for the acquisition and maintenance of the equipment used in the various funds of the Village. Funding is provided primarily through rents charged from usage of the equipment.

Additionally, the Village reports the following fund types:

**Trust & Agency Fund** - The Trust & Agency Fund accounts for assets held by the Village in a trustee capacity or as an agent for individuals, organizations, or other governments.

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Village has an agreement with the employees in the department of public works, the clerk and treasurer that require the payment of compensation during absence from duty. Each employee has a different agreement as to the amount of days that accumulate for vacation and sick leave. If the employees have days that are unused at the end of the fiscal year, the days are forfeited.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 20 years

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Changes**

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**GASB Statement No. 34** – Effective March 1, 2004, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

During the year ended February 28, 2005, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Street Lighting	\$ 7,637	\$ 8,699	\$ 1,062
<b>Major Streets Fund</b>			
Public Works	28,271	28,431	160

### 3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary-type Activities</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	<u>\$ 406,993</u>	<u>\$ 287,289</u>	<u>\$ 7,346</u>	<u>\$ 701,628</u>

The Village's deposits are in accordance with statutory authority. As of February 28, 2005, the balance sheet carrying amount of cash deposits was \$701,628. The bank balance as of February 28, 2005, was \$701,628, of which \$100,000 was covered by FDIC insurance.

All cash deposits and investments of the Village are held by the Village in the Village's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Risk Categorized		NONE			
Operating Funds					
US Treasury Bonds					
Investment in Deferred					
Compensation Plans					
Total Risk-Categorized					
Investments					

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**3. Cash and Investments - Continued**

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- |            |  |
|------------|--|
| Category 1 | Insured or registered, or securities held by the Village or its agent in the Village's name.   |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.                  |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name. |

**4. Property Taxes**

The Village is responsible for collecting and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of July of the levy year and may be paid by the following October 1.

Property taxes are recognized in compliance with NCGAI-3, which states that such revenue is recorded when it becomes measurable and available.

The Village levied the following taxes:

General Governmental Services	11.5025	mills
Sewer	4.6009	mills
Sewer Debt	<u>5.0000</u>	mills
Total	<u><u>21.1034</u></u>	

**5. Deficit Fund Balance of Individual Funds**

None

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**6. Capital Assets**

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	Balance March 1, 2004	Additions	Disposals & Adjustments	Balance February 28, 2005
<b>Governmental Activities:</b>				
Capital Assets Being Depreciated:				
Infrastructure	\$ 41,943	\$ 63,801	\$ 0	\$ 105,744
Buildings & Building Improvements	150,175	74,390	0	224,565
Equipment	137,769	116,703	0	254,472
Total Capital Assets being Depreciated	329,887	254,894	0	584,781
Accumulated Depreciation:				
Infrastructure	2,517	4,819	0	7,336
Buildings & Building Improvements	81,291	4,059	0	85,350
Equipment	102,338	11,039	0	113,377
Total Accumulated Depreciation	186,146	19,917	0	206,063
<b>Net Capital Assets</b>	<u>\$ 143,741</u>	<u>\$ 234,977</u>	<u>\$ 0</u>	<u>\$ 378,718</u>
<b>Business-type Activities:</b>				
Capital Assets not being Depreciated - Land	\$ 63,891	\$ -	\$ -	\$ 63,891
Capital Assets Being Depreciated:				
Sewage Treatment Plant	904,254	-	-	904,254
Water Distribution System	390,881	-	-	390,881
Total Capital Assets being Depreciated	1,295,135	-	-	1,295,135
Accumulated Depreciation:				
Sewage Treatment Plant	310,341	17,998	-	328,339
Water Distribution System	124,761	8,115	-	132,876
Total Accumulated Depreciation	435,102	26,113	-	461,215
<b>Net Capital Assets</b>	<u>\$ 923,924</u>	<u>\$ (26,113)</u>	<u>\$ -</u>	<u>\$ 897,811</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 2,739
Public Works	14,057
Recreation & Culture	3,121
Total Governmental Activities	<u>\$ 19,917</u>
<b>Business-type Activities:</b>	
Sewer Fund	\$ 17,998
Water Fund	8,115
Total Business-type Activities	<u>\$ 26,113</u>



**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**7. Interfund Receivables, Payables, & Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 5,282	T&A - Payroll Fund	\$ 5,282
Downtown Development Authority	730	General Fund	730
Total	<u>\$ 6,012</u>		<u>\$ 6,012</u>

Interfund Transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>
General Fund	\$ 33,626	Downtown Development Authority	\$ 33,626
Total	<u>\$ 33,626</u>		<u>\$ 33,626</u>

**8. Long-Term Debt**

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>						
General Obligation Bonds & Contracts						
Unlimited Tax Wastewater Collection & Treatment System Bonds						
Amount of Issue - \$250,000		\$10,000 -				
Maturing through 2005	6.13%	\$15,000	\$ 133,755	\$ (10,000)	\$ 123,755	\$ 123,755
<b>Total Business-type Activities</b>			<u>\$ 133,755</u>	<u>\$ (10,000)</u>	<u>\$ 123,755</u>	<u>\$ 123,755</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending February 28,	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 123,755	\$ 8,514	\$ 132,269
<b>Total</b>	<u>\$ 123,755</u>	<u>\$ 8,514</u>	<u>\$ 132,269</u>

**Village of Clifford**  
Notes to the Financial Statements  
For The Year Ended February 28, 2005

**9. Post Employment Benefits**

The Village does not provide any post employment benefits.

**10. Risk Management**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**Required Supplemental Information**

**Village of Clifford**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended February 28, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
<u>Taxes</u>				
Current Property Tax	\$ 160,000.00	\$ 116,595.45	\$ 114,144.35	\$ (2,451.10)
<u>State Shared Revenue</u>	38,000.00	37,595.00	37,595.00	-
<u>Licenses, Permits &amp; Fees</u>				
Building Utilities	3,500.00	2,696.60	2,696.60	-
Fines & Forfeitures	30.00	267.30	267.30	-
Cable TV Franchise	469.00	432.99	432.99	-
<u>Total Licenses, Permits, &amp; Fees</u>	3,999.00	3,396.89	3,396.89	-
<u>Miscellaneous Revenue</u>				
Building Rent	4,750.00	5,500.00	5,500.00	-
Administration Fees	10,330.00	12,830.00	12,830.00	-
Miscellaneous	250.00	818.49	818.49	-
<u>Total Miscellaneous Revenues</u>	15,330.00	19,148.49	19,148.49	-
<u>Interest Earnings</u>	700.00	550.23	550.23	-
<u>Total Revenues</u>	\$ 218,029.00	\$ 177,286.06	\$ 174,834.96	\$ (2,451.10)

**Village of Clifford**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended February 28, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b><u>Expenditures</u></b>				
<u>General Government</u>				
Legislative	\$ 4,100.00	\$ 5,123.09	\$ 5,123.09	\$ -
Executive	2,600.00	2,460.00	2,460.00	-
General Administration	25,590.00	25,676.96	27,692.46	(2,015.50)
Insurance, Payroll Taxes & Miscellaneous	39,535.00	132,339.46	50,906.68	81,432.78
Central Municipal Activities	54,300.00	21,893.37	21,883.22	10.15
<u>Total General Government</u>	<u>126,125.00</u>	<u>187,492.88</u>	<u>108,065.45</u>	<u>79,427.43</u>
<u>Public Safety</u>				
Construction Code Authority	300.00	54.00	54.00	-
Police Enforcement	34,000.00	33,442.82	33,635.16	(192.34)
<u>Total Public Safety</u>	<u>34,300.00</u>	<u>33,496.82</u>	<u>33,689.16</u>	<u>(192.34)</u>
<u>Public Works</u>				
Department of Public Works	26,720.00	31,458.73	30,775.59	683.14
Street Lighting	8,200.00	7,637.03	8,698.58	(1,061.55)
<u>Total Public Works</u>	<u>34,920.00</u>	<u>39,095.76</u>	<u>39,474.17</u>	<u>(378.41)</u>
<u>Total Expenditures</u>	<u>195,345.00</u>	<u>260,085.46</u>	<u>181,228.78</u>	<u>78,856.68</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	22,684.00	(82,799.40)	(6,393.82)	76,405.58
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(50,000.00)	(32,895.24)	(33,625.53)	730.29
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	(27,316.00)	(115,694.64)	(40,019.35)	75,675.29
<b><u>Fund Balance - Beginning of Year</u></b>	-	-	181,548.13	181,548.13
<b><u>Fund Balance - End of Year</u></b>	<u>\$ (27,316.00)</u>	<u>\$ (115,694.64)</u>	<u>\$ 141,528.78</u>	<u>\$ 257,223.42</u>

**Village of Clifford**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Major Street Fund  
For The Year Ended February 28, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Intergovernmental Revenues	\$ 32,000.00	\$ 38,823.64	\$ 38,823.64	\$ -
Interest Earnings	100.00	72.75	72.75	-
<b><u>Total Revenues</u></b>	<b>32,100.00</b>	<b>38,896.39</b>	<b>38,896.39</b>	<b>-</b>
<b><u>Expenditures</u></b>				
Public Works	27,777.00	28,271.05	28,431.05	(160.00)
<b><u>Total Expenditures</u></b>	<b>27,777.00</b>	<b>28,271.05</b>	<b>28,431.05</b>	<b>(160.00)</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>4,323.00</b>	<b>10,625.34</b>	<b>10,465.34</b>	<b>(160.00)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balance</u></b>	<b>4,323.00</b>	<b>10,625.34</b>	<b>10,465.34</b>	<b>(160.00)</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b>-</b>	<b>-</b>	<b>39,190.06</b>	<b>39,190.06</b>
<b><u>Fund Balance - End of Year</u></b>	<b>\$ 4,323.00</b>	<b>\$ 10,625.34</b>	<b>\$ 49,655.40</b>	<b>\$ 39,030.06</b>

**Village of Clifford**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Local Street Fund  
For The Year Ended February 28, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Intergovernmental Revenues	\$ 8,000.00	\$ 8,559.26	\$ 8,559.26	\$ -
Interest Earnings	100.00	93.47	93.47	-
Other Revenues	9,000.00	3,508.74	3,508.74	-
<u>Total Revenues</u>	<u>17,100.00</u>	<u>12,161.47</u>	<u>12,161.47</u>	<u>-</u>
<b><u>Expenditures</u></b>				
Public Works	21,513.00	11,853.22	11,853.22	-
<u>Total Expenditures</u>	<u>21,513.00</u>	<u>11,853.22</u>	<u>11,853.22</u>	<u>-</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(4,413.00)</u>	<u>308.25</u>	<u>308.25</u>	<u>-</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balance</u></b>	<u>(4,413.00)</u>	<u>308.25</u>	<u>308.25</u>	<u>-</u>
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>59,239.41</u>	<u>59,239.41</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ (4,413.00)</u>	<u>\$ 308.25</u>	<u>\$ 59,547.66</u>	<u>\$ 59,239.41</u>

**Village of Clifford**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Downtown Development Authority  
For The Year Ended February 28, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ 21,698.90	\$ 21,698.90	\$ 15,285.32	\$ (6,413.58)
Interest Earnings	3,000.00	3,000.00	1,430.44	(1,569.56)
<b><u>Total Revenues</u></b>	<u>24,698.90</u>	<u>24,698.90</u>	<u>16,715.76</u>	<u>(7,983.14)</u>
<b><u>Expenditures</u></b>				
Administration	8,000.00	8,000.00	3,004.48	4,995.52
Capital Outlay	357,436.86	357,436.86	254,894.49	102,542.37
<b><u>Total Expenditures</u></b>	<u>365,436.86</u>	<u>365,436.86</u>	<u>257,898.97</u>	<u>107,537.89</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(340,737.96)</u>	<u>(340,737.96)</u>	<u>(241,183.21)</u>	<u>99,554.75</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	48,087.26	48,087.26	33,625.53	(14,461.73)
<b><u>Net Change in Fund Balance</u></b>	<u>(292,650.70)</u>	<u>(292,650.70)</u>	<u>(207,557.68)</u>	<u>85,093.02</u>
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>362,436.60</u>	<u>362,436.60</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ (292,650.70)</u>	<u>\$ (292,650.70)</u>	<u>\$ 154,878.92</u>	<u>\$ 447,529.62</u>



# Village of Clifford

Overall Fund Rating  
February 28, 2005

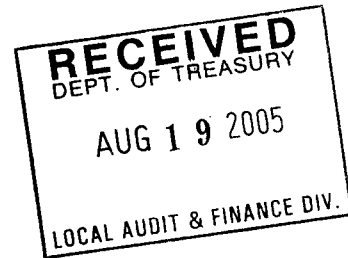
Fund	Rating	February 28,			
		2005	2004	2003	
General		141,529	176,266	200,113	The Fund Balance has decreased the past two years. The Village needs to monitor this closely with the increased cost of operations and decrease in state shared revenues.
Major Streets		49,655	39,190	34,887	
Local Streets		59,548	59,239	49,949	
Downtown Develop. Auth.		154,878	340,738	312,825	The DDA spent \$250,000 on capital projects in the DDA area during the year.
Water Supply System		11,714	13,993	24,772	The Water Fund has decreased in cash for the past two years. There was a 10% increase in the water rates April 1, 2004. This should stabilize the cash flow in the Water Fund.
Sewage Disposal System		275,575	271,688	231,982	The Sewer Fund paid off GMAC Sewer Bonds in the amount of \$123,000 in the year ending February 28, 2006.
Equipment Pool		28,297	23,403	16,793	

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

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MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

May 4, 2005



The Members of the Village Council  
Village of Clifford, Michigan

Gentlemen:

In accordance with your request, I have made an examination of the financial statements of the Village of Clifford for the fiscal year ended February 28, 2005.

The Village Clerk has performed a commendable job in maintaining the books and records of the Village, although all Village Funds have positive Fund Balances as of February 28, 2005, continued monitoring and budgeting will be required during the 2005/2006 fiscal year to maintain positive Fund Balances.

I thank the Village officials and employees for the cooperation I received in the completion of this examination. If I can be of any assistance or should any questions arise, please contact me.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant